

Raiffeisen Group

Key Rating Drivers

Swiss Retail Cooperative Group: Raiffeisen Group (RG) is a Swiss cooperative banking group, which comprises 219 local banks and Raiffeisen Schweiz Genossenschaft (Raiffeisen Schweiz), the group's central institution. RG's ratings reflect the group's strong domestic franchise as the country's third-largest banking group in predominantly low-risk retail residential mortgage loans. The ratings are also underpinned by the group's strong capitalisation, which mitigates the only moderate profitability, under pressure from low interest rates.

Mutual Support Underpins Ratings: RG is a banking network, not a legal entity. The network's cohesion is underpinned by a mutual support scheme ensuring the equity of each member bank is available to cover losses of all other banks in the group. The scheme has proved to be effective as no creditor of any member bank has suffered losses since the establishment of the group in 1902. RG's Issuer Default Ratings (IDRs) apply to each member bank, in accordance with Fitch Ratings' criteria for rating banking groups backed by mutual support schemes.

Large Swiss Housing Exposure: RG's asset quality is strong, but the group is highly exposed to the residential real estate sector as mortgage loans account for about 95% of gross loans. We believe Switzerland's strong fundamentals and RG's conservative underwriting standards mitigate risks arising from this concentrated exposure, and RG's asset quality has a long record of low loan impairment charges (LICs). Over half of RG's exposure consists of owner-occupied homes, but exposure to real estate investments, including buy-to-let mortgages, is material.

Modest Profitability: RG's focus on traditional retail and SME banking means that the group is reliant on net interest income (NII), which on average accounts for about three-quarters of its revenue. Residential mortgage-lending grew above market rates until 2018, underpinning revenue in recent years. Under its strategic plan, RG plans to expand its fee-generating businesses, including the sale of investment products to its mass retail clients to increase non-interest income by 2025.

Strong Capitalisation: RG's modest profitability is mitigated by strong capitalisation, and the group's 18% common equity Tier 1 (CET1) ratio at end-1H21 compares well with that of peers. Internal capital generation is underpinned by low pay-out ratios to its cooperative members, which has averaged at 8% over the past five years. RG is supervised as a group by the Swiss regulator and is subject to consolidated regulatory capital requirements.

Stable Retail Deposits: Deposits represented about 77% of funding at end-1H21. The group regularly funds mortgage loans through the issuance of covered bonds via Pfandbriefbank schweizerischer Hypothekarinstitute AG, and Raiffeisen Schweiz has issued unsecured bonds, including bail-in bonds.

Rating Sensitivities

Limited Rating Upside: An upgrade of RG's Long-Term IDR is unlikely until a material and sustainable improvement in operating profitability materialises with an operating profit/risk weighted asset ratio of above 3% and the successful execution of the group's strategic plan to increase the proportion of non-interest revenue. An upgrade of RG's IDRs would result in an upgrade of Raiffeisen Schweiz's and the local banks' IDRs.

Ratings Property Market Sensitive: A prolonged downturn in the Swiss housing market could lead to a material deterioration of the group's asset quality and a rating downgrade. An increase in the group's gross impaired loan ratio to above 1.5% or a decline of the group's Basel leverage ratio below 6%, both on a sustained basis, would put ratings under pressure. A downgrade of RG's IDRs would result in a downgrade of Raiffeisen Schweiz and the local banks' IDRs.

Ratings

Foreign Currency

Long-Term IDR	A+
Short-Term IDR	F1

Viability Rating	a+
------------------	----

Government Support Rating	no support
---------------------------	------------

Sovereign Risk

Long-Term Foreign-Currency IDR	AAA
Country Ceiling	AAA

Outlooks

Long-Term Foreign-Currency IDR	Stable
Sovereign Long-Term Foreign-Currency IDR	Stable

Applicable Criteria

[Bank Rating Criteria \(November 2021\)](#)

Related Research

[Fitch Rates Swiss Raiffeisen Group and Raiffeisen Schweiz 'A+'; Stable Outlook \(September 2021\)](#)

[Fitch Assigns Raiffeisen Group Government Support Rating \(December 2021\)](#)

Analysts

Christian Scarafia
+44 20 3530 1012
christian.scarafia@fitchratings.com

Marco Diamantini
+49 69 768076 114
marco.diamantini@fitchratings.com

Debt Rating Classes

Rating level	Rating
Raiffeisen Schweiz Genossenschaft	
Long-term senior preferred debt	AA-
Short-term senior preferred debt	F1+
Long-term senior non-preferred ('bail-in') debt	A+

Source: Fitch Ratings

Raiffeisen Schweiz is the central institution of RG and the sole issuer of capital-market instruments of the cooperative banking group. The senior preferred bonds are rated one notch above Raiffeisen Schweiz's Long-Term IDR because Fitch expects creditors to be protected by RG's buffer of 'bail-in bonds' and additional tier 1 (AT1) instruments. As Switzerland's third-largest banking group, RG is required to maintain a buffer of gone-concern capital, excluding senior preferred debt, which will protect senior preferred creditors in a resolution.

Resolution buffer requirements for RG will increase to a minimum of 40% of the group's going-concern capital requirement, which for 2021 stands at 13.74%. RS's 'bail-in bonds' are rated in line with the Long-Term IDR. Fitch views these bonds as senior non-preferred liabilities of the issuer, which under their terms rank behind senior obligations.

Ratings Navigator

Raiffeisen Group							ESG Relevance:	Banks Ratings Navigator		
Operating Environment	Business Profile	Risk Profile	Financial Profile			Implied Viability Rating	Viability Rating	Government Support Rating	Issuer Default Rating	
			Asset Quality	Earnings & Profitability	Capitalisation & Leverage					Funding & Liquidity
	20%	10%	20%	15%	25%	10%				
aaa							aaa	aaa	aaa	AAA
aa+							aa+	aa+	aa+	AA+
aa							aa	aa	aa	AA
aa-							aa-	aa-	aa-	AA-
a+							a+	a+	a+	A+
a							a	a	a	A
a-							a-	a-	a-	A-
bbb+							bbb+	bbb+	bbb+	BBB+
bbb							bbb	bbb	bbb	BBB
bbb-							bbb-	bbb-	bbb-	BBB-
bb+							bb+	bb+	bb+	BB+
bb							bb	bb	bb	BB
bb-							bb-	bb-	bb-	BB-
b+							b+	b+	b+	B+
b							b	b	b	B
b-							b-	b-	b-	B-
ccc+							ccc+	ccc+	ccc+	CCC+
ccc							ccc	ccc	ccc	CCC
ccc-							ccc-	ccc-	ccc-	CCC-
cc							cc	cc	cc	CC
c							c	c	c	C
f							f	f	ns	D or RD

Viability Rating Adjustments

The capitalisation and leverage score of 'a+' has been assigned below the 'aa' category implied score as the group's cooperative structure results in a weaker ability to raise core equity in the capital markets, if needed, than listed peers.

Brief Company Summary

Retail-Focused Swiss Cooperative Banking Group

RG is Switzerland's third-largest banking group and has a purely domestic focus. It includes 219 local cooperative banks (Raiffeisen Banken) which do not compete with each other. The local banks operate exclusively in their own regions, which often extend just over a few municipalities. As a consequence, the portfolio mix slightly differs from bank to bank, but overall the group's main business is real estate mortgage financing funded through retail deposits. At end-1H21, RG had 18% and 14% market shares in domestic mortgage loans and deposits, respectively. It also managed around EUR43 billion of assets from retail clients at end-1H21 and has a cooperation agreement with the domestic insurance company Mobiliar.

RG has the country's largest branch network with 823 branches. It has a strong penetration in Switzerland's rural regions, where local banks benefit from strong ties to local communities. Moreover, RG's franchise benefits from a high proportion of the local banks' 3.6 million retail clients also being their owners. This is because borrowers are required to acquire shares of their local cooperative bank to become members. This underpins deposit stability, client retention and cross-selling. RG also provides standardised financing solutions and payments to its 209,000 business clients, which account for about one-third of Switzerland's SMEs.

Cross Guarantee Scheme Underpins Group Cohesiveness

RG is a highly integrated cooperative banking group. A cross guarantee scheme between Raiffeisen Schweiz and the local banks backed by the Swiss Code of Obligations ensures the group's cohesiveness. It requires the local banks to pay in capital up to the amount of their equity and hidden reserves (about CHF18 billion in total at end-1H21) to support Raiffeisen Schweiz, if needed. In return, Raiffeisen Schweiz guarantees all the local banks' liabilities. RG also operates a solidarity fund with a CHF339 million paid-in endowment to cover its members' operational losses, which is sufficient to recapitalise local banks in idiosyncratic stress scenarios.

The local banks are legally independent entities with their own management. They jointly own 100% of Raiffeisen Schweiz, which also has a cooperative legal status and accounts for about a quarter of the group's assets. RG's statutes and business policies have been strengthened over the past three years following the replacement of most of the group's senior management. They aim to ensure the effectiveness of the group's governance, mutual support and organisation by governing Raiffeisen Schweiz's powers, duties and interactions with the local banks.

In its capacity as RG's central institution, Raiffeisen Schweiz routinely assesses the risk profiles of the local banks and can impose remedial actions on troubled members based on early-warning indicators (mainly breaches of capital, liquidity, profitability or asset quality ratios). This is rating positive as it increases cohesion, discipline and responsiveness.

At the same time, the mutual support scheme exempts the local banks (but not Raiffeisen Schweiz) from standalone regulatory requirements on capital adequacy, risk diversification and liquidity and allows RG to fulfil these requirements at the consolidated level. Raiffeisen Schweiz is also responsible for RG's strategy and business policy, group risk controlling, central bank functions (clearing, liquidity maintenance and refinancing) and IT infrastructure. It also advises and supports the local banks with management, marketing, business and legal services and represents RG's interests.

Raiffeisen Schweiz's six branches located in larger Swiss cities are its only direct involvement with retail clients. As part of the group's internal reorganisation plan, these branches will be converted into independent local banks, and Raiffeisen Schweiz will fully focus on its central institution functions.

Centralised Risk Controls

The local banks do not have their own IT systems, and their data is stored centrally at Raiffeisen Schweiz. This way the central institution can maintain an overview of the risk and manage concentration limits at group level. Limits also apply to interest rate risk in the banking book (IRRBB), both at group level and for the local banks. IRRBB has increased in the past three years due to mortgage loan growth, a higher share of fixed-rate lending and longer maturities and is above domestic rated peers but within regulatory limits. Raiffeisen Schweiz supports the local banks' IRRBB management and is their hedging counterparty.

Summary Financials and Key Ratios

	30 Jun 21		31 Dec 20	31 Dec 19	31 Dec 18	31 Dec 17
	6 months - interim	6 months - interim	Year end	Year end	Year end	Year end
	(USDm)	(CHFm)	(CHFm)	(CHFm)	(CHFm)	(CHFm)
	Unaudited	Unaudited	Audited - unqualified	Audited - unqualified	Audited - unqualified	Audited - unqualified
Summary income statement						
Net interest and dividend income	1,292	1,193	2,350	2,267	2,291	2,251
Net fees and commissions	277	256	451	416	451	494
Other operating income	199	184	312	381	400	567
Total operating income	1,769	1,633	3,113	3,065	3,141	3,312
Operating costs	1,117	1,031	2,093	2,122	2,379	2,202
Pre-impairment operating profit	652	602	1,020	943	762	1,111
Loan and other impairment charges	-13	-12	53	13	63	2
Operating profit	665	614	968	930	699	1,108
Other non-operating items (net)	5	4	4	7	-46	36
Tax	112	103	119	112	156	233
Net income	558	515	852	824	497	911
Fitch comprehensive income	558	515	852	824	497	911
Summary balance sheet						
Assets						
Gross loans	221,054	204,011	200,620	193,686	187,952	180,745
- Of which impaired	1,007	929	900	884	864	805
Loan loss allowances	709	654	261	236	259	208
Net loans	220,346	203,357	200,359	193,450	187,694	180,538
Interbank	4,072	3,759	4,037	7,677	2,225	8,332
Derivatives	1,540	1,421	1,645	1,898	1,337	1,677
Other securities and earning assets	13,540	12,496	12,557	11,354	10,755	12,354
Total earning assets	239,498	221,033	218,597	214,379	202,010	202,901
Cash and due from banks	60,472	55,810	36,661	29,643	19,189	20,523
Other assets	4,684	4,323	4,395	4,323	4,134	4,304
Total assets	304,655	281,166	259,653	248,345	225,333	227,728
Liabilities						
Customer deposits	217,317	200,562	190,425	176,180	165,701	164,085
Interbank and other short-term funding	27,091	25,002	14,740	18,607	9,388	14,804
Other long-term funding	34,869	32,181	31,045	30,713	28,781	28,221
Trading liabilities and derivatives	1,925	1,777	2,246	2,516	1,998	1,825
Total funding	281,203	259,522	238,455	228,015	205,869	208,935
Other liabilities	2,090	1,929	1,933	1,945	2,011	1,959
Preference shares and hybrid capital	1,327	1,225	892	968	973	1,134
Total equity	20,035	18,491	18,374	17,416	16,480	15,700
Total liabilities and equity	304,655	281,166	259,653	248,345	225,333	227,728
Exchange rate		USD1 = CHF0.9229	USD1 = CHF0.88985	USD1 = CHF0.97165	USD1 = CHF0.9811	USD1 = CHF0.9758

Source: Fitch Ratings, Fitch Solutions, RG

Summary Financials and Key Ratios

	30 Jun 21	31 Dec 20	31 Dec 19	31 Dec 18	31 Dec 17
Ratios (annualised as appropriate)					
Profitability					
Operating profit/risk-weighted assets	1.3	1.0	1.0	0.7	1.2
Net interest income/average earning assets	1.1	1.1	1.1	1.1	1.1
Non-interest expense/gross revenue	63.6	67.9	70.7	77.6	68.3
Net income/average equity	5.6	4.8	4.9	3.1	6.1
Asset quality					
Impaired loans ratio	0.5	0.5	0.5	0.5	0.5
Growth in gross loans	1.7	3.6	3.1	4.0	4.1
Loan loss allowances/impaired loans	70.4	29.0	26.7	30.0	25.8
Loan impairment charges/average gross loans	0.0	0.0	0.0	0.0	0.0
Capitalisation					
Common equity Tier 1 ratio	18.0	19.1	17.2	16.5	15.9
Tangible common equity/tangible assets	6.6	7.1	7.0	7.3	6.7
Basel leverage ratio	6.7	7.1	7.1	7.6	7.1
Net impaired loans/common equity Tier 1	1.5	3.6	3.8	3.7	3.9
Funding and liquidity					
Loans/customer deposits	101.7	105.4	109.9	113.4	110.2
Liquidity coverage ratio	173.3	159.4	136.5	123.2	130.5
Customer deposits/funding	77.4	80.3	77.7	80.9	78.7
Net stable funding ratio	146.0	n.a.	n.a.	n.a.	n.a.

Source: Fitch Ratings, Fitch Solutions, RG

Key Financial Metrics – Latest Developments

Large Swiss Housing Exposure Drives Strong Asset Quality Metrics

RG's impaired loans ratio has remained stable at below 1% over the past 12 years, with LICs averaging below 5bp of gross loans. Impaired loans coverage increased substantially to 70% at end-1H21 after the initial booking of CHF524 million expected credit losses, which were deducted from retained earnings.

Persistent negative interest rates have added to the build-up of imbalances in the Swiss housing market over the last decade. However, Fitch believes that large household wealth levels (amounting to 406% of GDP in 2020, by far the highest among advanced European countries) will cushion the impact of a potential downturn of the housing market on the banking sector.

Moreover, RG's loan-to-value and debt-service-to-income limits are broadly in line with Swiss peers' and effectively monitored by FINMA, the Swiss regulator. Mortgage loans have grown at a faster rate than the market average for much of the past decade. However, portfolio metrics do not suggest any evident deterioration of the group's credit standards, and loan growth has been in line with the rest of the sector since 2019.

Credit standards are set by Raiffeisen Schweiz and rolled out to the local banks. Raiffeisen Schweiz also defines the maximal proportion of unsecured lending for each local bank. In general, a local bank's unsecured lending is limited to less than a fifth of its equity. Some banks are granted higher limits if unsecured SME financing is strategic to their business models and they have the necessary competences and processes.

Margin Pressure Weighs on Profitability

RG relies on NII for about three-quarters of its revenue, which is less diversified than that of domestic peers. This exposes RG's profitability to the low interest rate environment in Switzerland. Strong growth in mortgage lending, cheap refinancing and increased passing on of negative interest rates to depositors have sustained the group's NII over the past six years, offsetting the falling margins in the competitive Swiss mortgage lending business.

RG aims to increase its net fee and commission income substantially by increasing its share of wallet of its clients' assets under management (AUM), with a focus on standardised investment and pension products. We believe RG has room to grow these businesses by exploiting the local banks' client relationships given that its retail AUM to deposits ratio is substantially lower than that of peers.

RG's cost/income ratio is high by international standards and broadly in line with that of Swiss peers. We expect investments in digitalisation to lead to higher operating costs in the medium term. These investments will be only partially offset by efficiency gains at Raiffeisen Schweiz as the group remains committed to its large branch network.

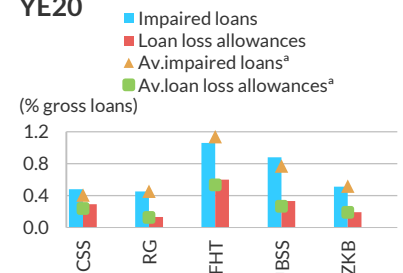
Low Profit Distribution Sustains Capitalisation

RG's modest profitability is mitigated by its very high earnings retention. The group has paid out on average only 8% of its profits in the past five years, and retained earnings accounted for more than 80% of RG's capital at end-1H21.

Going concern capital, consisting of the group's consolidated CET1 and the Additional Tier 1 (AT1) instruments issued by Raiffeisen Schweiz, accounted for 19.2% of the group's risk weighted assets (RWAs) at end-1H21. This is well above RG's going concern minimum regulatory requirement of 13.74% for 2021. In 2019, RG received FINMA's approval, subject to transitional flooring, to use the internal ratings-based approach for the calculation of credit risk RWAs. The phasing-out of the transitional floor at end-2021 should lead to an RWA density more in line with other mortgage lenders and add close to 1% to RG's CET1 ratio.

RG is also subject to a going concern leverage ratio requirement of 4.6%. Its Basel leverage ratio of 6.7% at end-1H21 is strong compared with Swiss and international peers.

Key Asset Quality Metrics YE20

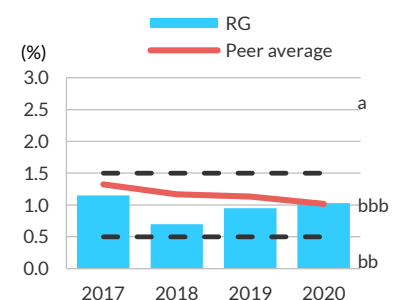


^a Average: 2015 - 2020
Source: Fitch Ratings, banks

Peer averages include Credit Suisse (Schweiz) AG (CSS), Sparkassen-Finanzgruppe Hessen-Thüringen (SFHT), UBS Switzerland AG (UBSS), Zuercher Kantonalbank (ZKB).

Dashed lines: indicative ranges and implied scores for Fitch's core financial metrics for banks operating in environments scored in the 'aa' category.

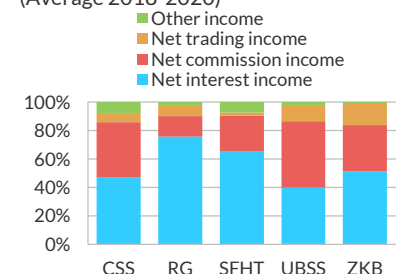
Operating Profit/RWAs



Source: Fitch Ratings, banks

Revenue Diversification

(Average 2018-2020)



Source: Fitch Ratings, banks

Retail Deposits Underpin Funding

Client deposits accounted for three quarters of RG's funding at end-1H21. They are predominantly from retail clients and have proved resilient to reputational issues in the past. We expect client deposits to grow slightly above loans over the next two years, leading to a loans/client deposits ratio close to 100%. Central mortgage institution loans are the second largest funding source.

The local banks are obliged to place their excess liquidity with Raiffeisen Schweiz, which is the only entity that issues debt and collects interbank deposits. Since end-1H20, Raiffeisen Schweiz has issued CHF825 million AT1 to replace Tier 2 debt that has lost its regulatory recognition and CHF1 billion of 'bail-in' bonds. Raiffeisen Schweiz also offers to its clients structured products issued through two entities, one in Switzerland and the other one in the Netherlands.

The group's debt maturity profile is well spread over the next thirteen years, with about CHF0.5 billion redemptions in each of the next four years. In December 2020, Raiffeisen Schweiz set up a certificate of deposit programme to increase its funding diversification and fully exploit the Swiss National Bank's (SNB) deposit allowance.

Raiffeisen Schweiz also holds the vast majority of the group's liquidity reserves of CHF56 billion at end-1H21. In the event of liquidity stress, RG can also benefit from emergency liquidity lines from the SNB.

Sovereign Support Assessment

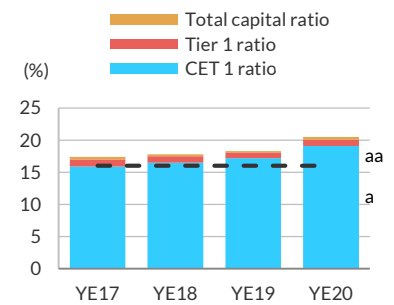
The Government Support Rating (GSR) of 'no support' (ns) reflects our view that senior creditors cannot rely on receiving full extraordinary sovereign support in the event that RG becomes non-viable. This is because Swiss legislation and regulation to address the 'too-big-to-fail' problem for large Swiss banks is in place, and would require senior creditors to bear losses ahead of any potential extraordinary sovereign support. The country's large banking system relative to GDP has provided strong incentives to implement legislation in this respect. We are therefore of the view that resolution legislation in Switzerland is sufficiently progressed to resolve even a large Swiss group, and resolution legislation becomes the overriding factor and all other factors are therefore scored as 'low importance'.

GSR Key Rating Drivers

Typical D-SIB GSR for sovereign's rating level (assuming high propensity)	a+ to a-
Actual country D-SIB GSR	ns
Government Support Rating	ns
Government ability to support D-SIBs	
Sovereign Rating	AAA
Size of banking system	Negative
Structure of banking system	Negative
Sovereign financial flexibility (for rating level)	Neutral
Government propensity to support D-SIBs	
Resolution legislation	Negative
Support stance	Negative
Government propensity to support bank	
Systemic importance	Neutral
Liability structure	Neutral
Ownership	Neutral

Source: Fitch Ratings

Risk-Weighted Capital Ratios



Source: Fitch Ratings, RG

Higher	Lower
--------	-------

Environmental, Social and Governance Considerations

Credit-Relevant ESG Derivation

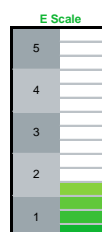
Raiffeisen Group has 5 ESG potential rating drivers

- ➔ Raiffeisen Group has exposure to compliance risks including fair lending practices, mis-selling, repossession/foreclosure practices, consumer data protection (data security) but this has very low impact on the rating.
- ➔ Governance is minimally relevant to the rating and is not currently a driver.

			Overall ESG Scale	
key driver	0	issues	5	
driver	0	issues	4	
potential driver	5	issues	3	
not a rating driver	4	issues	2	
	5	issues	1	

Environmental (E)

General Issues	E Score	Sector-Specific Issues	Reference
GHG Emissions & Air Quality	1	n.a.	n.a.
Energy Management	1	n.a.	n.a.
Water & Wastewater Management	1	n.a.	n.a.
Waste & Hazardous Materials Management; Ecological Impacts	1	n.a.	n.a.
Exposure to Environmental Impacts	2	Impact of extreme weather events on assets and/or operations and corresponding risk appetite & management; catastrophe risk; credit concentrations	Company Profile; Management & Strategy; Risk Appetite; Asset Quality



How to Read This Page

ESG scores range from 1 to 5 based on a 15-level color gradation. Red (5) is most relevant and green (1) is least relevant.

The Environmental (E), Social (S) and Governance (G) tables break out the individual components of the scale. The right-hand box shows the aggregate E, S, or G score. General Issues are relevant across all markets with Sector-Specific Issues unique to a particular industry group. Scores are assigned to each sector-specific issue. These scores signify the credit-relevance of the sector-specific issues to the issuing entity's overall credit rating. The Reference box highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis.

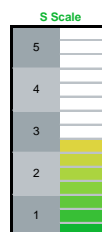
The Credit-Relevant ESG Derivation table shows the overall ESG score. This score signifies the credit relevance of combined E, S and G issues to the entity's credit rating. The three columns to the left of the overall ESG score summarize the issuing entity's sub-component ESG scores. The box on the far left identifies some of the main ESG issues that are drivers or potential drivers of the issuing entity's credit rating (corresponding with scores of 3, 4 or 5) and provides a brief explanation for the score.

Classification of ESG issues has been developed from Fitch's sector ratings criteria. The General Issues and Sector-Specific Issues draw on the classification standards published by the United Nations Principles for Responsible Investing (PRI) and the Sustainability Accounting Standards Board (SASB).

Sector references in the scale definitions below refer to Sector as displayed in the Sector Details box on page 1 of the navigator.

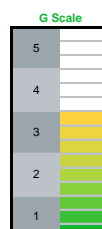
Social (S)

General Issues	S Score	Sector-Specific Issues	Reference
Human Rights, Community Relations, Access & Affordability	2	Services for underbanked and underserved communities: SME and community development programs; financial literacy programs	Company Profile; Management & Strategy; Risk Appetite
Customer Welfare - Fair Messaging, Privacy & Data Security	3	Compliance risks including fair lending practices, mis-selling, repossession/foreclosure practices, consumer data protection (data security)	Operating Environment; Company Profile; Management & Strategy; Risk Appetite
Labor Relations & Practices	2	Impact of labor negotiations, including board/employee compensation and composition	Company Profile; Management & Strategy
Employee Wellbeing	1	n.a.	n.a.
Exposure to Social Impacts	2	Shift in social or consumer preferences as a result of an institution's social positions, or social and/or political disapproval of core banking practices	Company Profile; Financial Profile



Governance (G)

General Issues	G Score	Sector-Specific Issues	Reference
Management Strategy	3	Operational implementation of strategy	Management & Strategy
Governance Structure	3	Board independence and effectiveness; ownership concentration; protection of creditor/stakeholder rights; legal /compliance risks; business continuity; key person risk; related party transactions	Management & Strategy; Earnings & Profitability; Capitalisation & Leverage
Group Structure	3	Organizational structure; appropriateness relative to business model; opacity; intra-group dynamics; ownership	Company Profile
Financial Transparency	3	Quality and frequency of financial reporting and auditing processes	Management & Strategy



CREDIT-RELEVANT ESG SCALE	
How relevant are E, S and G issues to the overall credit rating?	
5	Highly relevant, a key rating driver that has a significant impact on the rating on an individual basis. Equivalent to "higher" relative importance within Navigator.
4	Relevant to rating, not a key rating driver but has an impact on the rating in combination with other factors. Equivalent to "moderate" relative importance within Navigator.
3	Minimally relevant to rating, either very low impact or actively managed in a way that results in no impact on the entity rating. Equivalent to "lower" relative importance within Navigator.
2	Irrelevant to the entity rating but relevant to the sector.
1	Irrelevant to the entity rating and irrelevant to the sector.

The highest level of ESG credit relevance is a score of '3'. This means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. For more information on Fitch's ESG Relevance Scores, visit www.fitchratings.com/esg

The ratings above were solicited and assigned or maintained at the request of the rated entity/issuer or a related third party. Any exceptions follow below.

DISCLAIMER & DISCLOSURES

All Fitch Ratings (Fitch) credit ratings are subject to certain limitations and disclaimers. Please read these limitations and disclaimers by following this link: <https://www.fitchratings.com/understandingcreditratings>. In addition, the following <https://www.fitchratings.com/rating-definitions-document> details Fitch's rating definitions for each rating scale and rating categories, including definitions relating to default. Published ratings, criteria, and methodologies are available from this site at all times. Fitch's code of conduct, confidentiality, conflicts of interest, affiliate firewall, compliance, and other relevant policies and procedures are also available from the Code of Conduct section of this site. Directors and shareholders' relevant interests are available at <https://www.fitchratings.com/site/regulatory>. Fitch may have provided another permissible or ancillary service to the rated entity or its related third parties. Details of permissible or ancillary service(s) for which the lead analyst is based in an ESMA- or FCA-registered Fitch Ratings company (or branch of such a company) can be found on the entity summary page for this issuer on the Fitch Ratings website.

In issuing and maintaining its ratings and in making other reports (including forecast information), Fitch relies on factual information it receives from issuers and underwriters and from other sources Fitch believes to be credible. Fitch conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security or in a given jurisdiction. The manner of Fitch's factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in the jurisdiction in which the rated security is offered and sold and/or the issuer is located, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third-party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors. Users of Fitch's ratings and reports should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information Fitch relies on in connection with a rating or a report will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to Fitch and to the market in offering documents and other reports. In issuing its ratings and its reports, Fitch must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings and forecasts of financial and other information are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings and forecasts can be affected by future events or conditions that were not anticipated at the time a rating or forecast was issued or affirmed.

The information in this report is provided "as is" without any representation or warranty of any kind, and Fitch does not represent or warrant that the report or any of its contents will meet any of the requirements of a recipient of the report. A Fitch rating is an opinion as to the creditworthiness of a security. This opinion and reports made by Fitch are based on established criteria and methodologies that Fitch is continuously evaluating and updating. Therefore, ratings and reports are the collective work product of Fitch and no individual, or group of individuals, is solely responsible for a rating or a report. The rating does not address the risk of loss due to risks other than credit risk, unless such risk is specifically mentioned. Fitch is not engaged in the offer or sale of any security. All Fitch reports have shared authorship. Individuals identified in a Fitch report were involved in, but are not solely responsible for, the opinions stated therein. The individuals are named for contact purposes only. A report providing a Fitch rating is neither a prospectus nor a substitute for the information assembled, verified and presented to investors by the issuer and its agents in connection with the sale of the securities. Ratings may be changed or withdrawn at any time for any reason in the sole discretion of Fitch. Fitch does not provide investment advice of any sort. Ratings are not a recommendation to buy, sell, or hold any security. Ratings do not comment on the adequacy of market price, the suitability of any security for a particular investor, or the tax-exempt nature or taxability of payments made in respect to any security. Fitch receives fees from issuers, insurers, guarantors, other obligors, and underwriters for rating securities. Such fees generally vary from US\$1,000 to US\$750,000 (or the applicable currency equivalent) per issue. In certain cases, Fitch will rate all or a number of issues issued by a particular issuer, or insured or guaranteed by a particular insurer or guarantor, for a single annual fee. Such fees are expected to vary from US\$10,000 to US\$1,500,000 (or the applicable currency equivalent). The assignment, publication, or dissemination of a rating by Fitch shall not constitute a consent by Fitch to use its name as an expert in connection with any registration statement filed under the United States securities laws, the Financial Services and Markets Act of 2000 of the United Kingdom, or the securities laws of any particular jurisdiction. Due to the relative efficiency of electronic publishing and distribution, Fitch research may be available to electronic subscribers up to three days earlier than to print subscribers.

For Australia, New Zealand, Taiwan and South Korea only: Fitch Australia Pty Ltd holds an Australian financial services license (AFS license no. 337123) which authorizes it to provide credit ratings to wholesale clients only. Credit ratings information published by Fitch is not intended to be used by persons who are retail clients within the meaning of the Corporations Act 2001.

Fitch Ratings, Inc. is registered with the U.S. Securities and Exchange Commission as a Nationally Recognized Statistical Rating Organization (the "NRSRO"). While certain of the NRSRO's credit rating subsidiaries are listed on Item 3 of Form NRSRO and as such are authorized to issue credit ratings on behalf of the NRSRO (see <https://www.fitchratings.com/site/regulatory>), other credit rating subsidiaries are not listed on Form NRSRO (the "non-NRSROs") and therefore credit ratings issued by those subsidiaries are not issued on behalf of the NRSRO. However, non-NRSRO personnel may participate in determining credit ratings issued by or on behalf of the NRSRO.

Copyright © 2021 by Fitch Ratings, Inc., Fitch Ratings Ltd. and its subsidiaries. 33 Whitehall Street, NY, NY 10004. Telephone: 1-800-753-4824, (212) 908-0500. Fax: (212) 480-4435. Reproduction or retransmission in whole or in part is prohibited except by permission. All rights reserved.